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S E C R E T SECTION 01 OF 03 DILI 000357

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E.O. 12958: DECL: 7/11/2016
TAGS: [PREL](#) [PGOV](#) [PREF](#) [KJUS](#) [KCRM](#) [KDEM](#) [PINR](#) [TT](#)
SUBJECT: PRESIDENT GUSMAO SAYS RAMOS-HORTA WILL LEAD A REFORM
GOVERNMENT

REF: (A) DILI 355; (B) DILI 356

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CLASSIFIED BY: Grover Joseph Rees, Ambassador, U.S. Embassy
Dili, Department of State.
REASON: 1.4 (b), (d)

1. (C) Summary: Ambassador met today with President Xanana Gusmao, who gave a detailed account of the negotiations that led up to the appointment of the new Government that was sworn in today. The President also expressed his confidence that Prime Minister Jose Ramos-Horta will lead a reform government, listening respectfully to the recommendations of the Fretilin party leadership but following his own instincts on election law and anticorruption efforts. Gusmao dismissed speculation that Fretilin insider and new First Deputy Prime Minister Estanislau Da Silva would dominate the new government, stating that reform-minded Second Deputy Prime Minister Rui Araujo would be responsible for all areas that were the focus of corruption allegations under the government of former Prime Minister Mari Alkatiri. The President said he will address the nation today to set forth what he regards as urgent priorities for the new government. The President also said it will be necessary to get at least some Timorese police (PNTL) officers back on the streets in Dili in order to create security conditions that will allow internally displaced persons (IDPs) to return to their homes. Finally, President Gusmao suggested that former Prime Minister Alkatiri is more likely to be convicted of serious crimes if Timorese prosecutors wait until the conclusion of the impending international investigation, which Gusmao expects to produce new evidence of criminal activity by Alkatiri and other Fretilin leaders. End summary.

Negotiations with Fretilin

2.(C) Ambassador Rees met today, July 11, with President Gusmao, who expressed optimism about the new Government he swore in yesterday. Gusmao said his negotiations with four Fretilin leaders over the shape of a new government had gone quickly --- see Reftels --- because he managed to convince them that it would not be to their advantage to push him too far. The President

said that on several occasions when the Fretilin delegation had put forth an unacceptable demand, "I kept telling them I would dissolve Parliament" if they did not show some flexibility.

13. (C) Gusmao's account of the negotiations was somewhat different and more elaborate than press accounts, which indicated that Fretilin had simply proposed him three names from which he chose Ramos-Horta. According to Gusmao, the Fretilin delegation led by Estanislau Da Silva first proposed a slate led by Da Silva himself for Prime Minister, with Ramos-Horta and Fretilin insider Antoninho Bianco for deputy prime ministers. Gusmao did not react to this proposal --- which the delegation surely knew would not be acceptable to him --- but instead took notes, declared the meeting at an end, and said he would have to take time to consider the proposal. The Fretilin leaders then suggested a variation that was even less acceptable to the President: Bianco for Prime Minister, with Da Silva for First Deputy and Ramos-Horta as Second Deputy. Gusmao again reacted by saying he would take their proposal under consideration. Fretilin then proposed their third-choice package with Ramos-Horta for Prime Minister and the other two as deputies. Gusmao now indicated that they were finally getting somewhere, but asked about the possibility of Dr. Rui Araujo, the highly regarded Minister of Health in the Alkatiri government, in place of Bianco. They said they had checked with Araujo and he was unavailable. The President then suggested they adjourn the meeting until the following day.

14. (C) According to Gusmao, he himself then called Dr. Araujo, who said he would be honored to serve as one of the Deputy Prime Ministers. When the meeting reconvened on Saturday afternoon, Gusmao confronted the Fretilin delegation with this new information and re-urged his suggestion of Ramos-Horta, Da Silva, and Araujo. The Fretilin delegation responded by asking him to explain what was wrong with Bianco, as well as why he did not want Da Silva (who was in the room) for Prime Minister. According to the President, he reminded them again that he could always dissolve Parliament and call early elections, and they

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finally agreed to his preferred slate.

15. (C) The President said that the Fretilin leaders displayed no embarrassment about suggesting a government composed almost entirely of members of their own inner circle --- essentially the Alkatiri government without Alkatiri --- and seem to regard him as unreasonable for suggesting alternatives. He indicated that he had written in his notes of the Friday meeting, "They are not aware of the crisis."

16. (C) President Gusmao indicated that the idea of having a Prime Minister and two Deputy Prime Ministers had been his own idea, because Ramos-Horta, while a good leader, is not a good administrator. He said that in the new Government Ramos-Horta will directly supervise the ministries of Foreign Affairs, Defense, and Interior as well as a commission on national reconciliation. Dr. Araujo will supervise the Ministry of Finance --- including government procurement and the customs service, which has been the target of numerous corruption allegations --- as well as public grants and other areas that need to be made or kept transparent and noncorrupt. Da Silva will be in charge of implementing the national development plan and preparing laws, codes, and regulations (including a civil service law and regulations governing the police and the military) that the Alkatiri government neglected to enact. But the final decision on the content of these laws will be Ramos-Horta's, and Gusmao said he expects to consult frequently on these matters with Ramos-Horta. Gusmao said he will allow the "declaration of crisis", under which he assumed authority over security and defense, to lapse later this month so as to normalize the situation, but that he will continue to work closely with Ramos-Horta on these areas.

17. (S) (Please strictly protect): Commenting on Minister of Labor Arsenio Bano, an Alkatiri ally who is regarded as capable and moderate and who had been mentioned as a possible deputy

prime minister, Gusmao said that "Arsenio deceived us. When he worked in civil society, he was a wonderful guy. But when he became a Minister he behaved very badly." The President said Bano, who is in charge of distributing internationally-donated food in IDP camps, had distributed some of the food to participants in the recent pro-Alkatiri demonstrators.

18. (C) The President acknowledged that by agreeing to a government that can serve through the 2007 elections, he has lost the leverage he had to force Fretilin to hold a new party Congress at which its leaders would be elected by secret ballot as required by law. See Ref A and refs therein. However, he expressed confidence that the courts would rule in favor of a legal challenge to the May Congress that has been filed by Ambassador Jose Luis Guterres, who was unsuccessful in his challenge to Alkatiri for Fretilin's top post after the Congress voted to ignore the secret ballot requirement.

Ramos-Horta will be a reform Prime Minister

19. (C) Asked about the tension between Ramos-Horta's ambitious program of open governance, anticorruption, and election reform and his promise to consult closely with the Fretilin political committee (see Ref A), Gusmao expressed confidence that Ramos-Horta would be guided by his own principles rather than by the desires of Fretilin leaders. He said "he will talk with Alkatiri, but he will not give in to him. That's not the kind of Prime Minister he wants to be, and it's not the image he wants to have." Gusmao pointed out that Ramos-Horta had announced soon after his swearing-in that he will revise the draft Penal Code to eliminate the criminal defamation provision that had been a pet project of Alkatiri's.

More police necessary for IDPs to return home?

110. (C) The President said he had chosen not to give a speech at yesterday's swearing-in ceremony because he did not want to distract attention from Ramos-Horta's address. Instead, Gusmao will give his own address to the nation today outlining priorities for the new Government. Chief among these would be creating security conditions under which the many thousands of IDPs in church facilities and elsewhere can be persuaded that it

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is safe to return home.

111. (C) Echoing previous statements by Ramos-Horta, the President said that as soon as this weekend the government should select a few neighborhoods that have not been too badly damaged by the recent violence. International police should be joined by "Timorese police, the village chiefs, and youth organizations" in providing the pervasive security presence that will be necessary to convince residents of these neighborhoods to return to their homes. The President acknowledged a difference of opinion with international police officials, who he said are currently of the view that no PNTL officers should be returned to duty in Dili until the conclusion of a lengthy vetting and/or retraining process that has yet to begin. He said these officials may have a "misperception" that PNTL officers were involved in widespread violence in Dili during April and May. He said only a few PNTL members had committed violent acts --- primarily those from eastern districts who joined armed FDTL groups on May 23rd through May 25th, as well as a group headed by former deputy district commander Abilio Mesquita that had committed various crimes including an attack on the home of FDTL commander General Taur Matan Ruak --- and that these officers are no longer in Dili. (Note: Mesquita has been arrested and is in detention, while all or almost all of the PNTL members who joined with FDTL are reportedly now located in FDTL facilities in Metinaro and elsewhere.) Gusmao also said that if a police officer who was guilty of brutality or corruption was returned to the streets, members of the community would not hesitate to complain. Gusmao said he hoped to sit down with international police officials soon to discuss this

issue and that he "must" convince them, because in his view the international police presence alone will be insufficient to restore law and order to the neighborhoods so that it will be safe for IDPs to return.

Criminal proceedings against Alkatiri

¶12. (S) Asked what he thought would happen in the criminal investigation into charges that Alkatiri had distributed arms to Fretilin insiders with instructions to kill government opponents, Gusmao said the proceeding was going slower than expected but that this might be a good thing, since the allegations that are currently well-documented enough to serve as the basis for criminal charges are only the tip of the iceberg. If Alkatiri were formally charged now, he might be able to persuade the court that he distributed weapons "only to protect people, not to kill." But the President predicted that the international commission of inquiry, whose staff have recently begun to arrive in Dili, would find new evidence of similar activities by Alkatiri involving other armed groups. He also hoped that by putting together a comprehensive picture of what happened at key times during the security crisis, the international commission's report would make clear that Alkatiri, by encouraging General Matan Ruak to launch an FDTL attack on PNTL officers in Dili on May 25, was complicit in the killings of unarmed police officers that day. Finally, Gusmao said that renegade police officer Abilio Mesquita (see paragraph 11) had met with Alkatiri and received several thousand dollars from Alkatiri's brother shortly before he was arrested, possibly in exchange for agreeing to kill ex-guerrilla leader Railos, the principal complainant in the criminal case against Alkatiri. The President said he now believes Mesquita's May 23 attack on General Matan Ruak's house may have been instigated by former Minister of the Interior Rogerio Lobato, possibly with the complicity of Alkatiri, to create a pretext for the May 25 FDTL attack on police officers and installations.

¶13. (U) Comment: During today's meeting the President appeared calm, focused, and happier than he has been in months. He is optimistic that the new Government will make a difference. Although the President sometimes differs with Ramos-Horta on matters of style and substance, he trusts him, and he expects to serve as the new Prime Minister's principal advisor and collaborator. End comment.
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